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C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 000058

SIPDIS

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SUBJECT: MP TAMIHERE CLEARED IN FIRST OF TWO
INVESTIGATIONS; HITS THE COMEBACK TRAIL

REF: 04 WELLINGTON 909

Classified By: ACTING DCM KATHERINE B. HADDA, FOR REASONS 1.4(B,D)

11. (U) Summary. Beleaguered Labour MP John Tamihere has begun his political rehabilitation, offering a "state of the nation" speech January 19 that attacked the "separatist" Maori party, defended Labour's economic policies, and eschewed the left-right division of unions and business leaders in favor of pragmatic solutions. Following a two-month investigation, a report released December 21 cleared Tamihere of charges related to tax liabilities on a "handshake" payment provided by his previous employer, the Waipareira Trust. However, an investigation by the Serious Fraud Office (SFO) on related issues is outstanding, and it is unlikely that Tamihere will be returned to Cabinet in the near future. End summary.

"I Am A Maori and They Have Stolen My Name"

12. (U) This was Tamihere's first public speech since resigning as Minister in November. Playing on his appeal to more right-wing Labour voters, Tamihere decried the old ideologies of left and right, extolling unions and business leaders to focus on working concepts instead of archaic stereotypes of the "boss as bad" and "unions as lazy lefties." While the bulk of the speech focused on election-year themes - immigration, economic development and the on-going Constitutional Inquiry - Tamihere spoke most sharply on race issues. He attacked the newly formed Maori Party as "tribalists" who "advocate grievance and victimhood." He also expressed frustration that the educated academics who run the Party have allied with the new "checkboxbook" elite -- Maori made rich by Governmental Treaty of Waitangi settlements. "I am a Maori and they have stolen my name," Tamihere said. (Note: Popular Maori Party co-leader Dr Pita Sharples was chosen to stand against Tamihere on October 25 (reftel) and Tamihere's Tamaki Makaurau seat is seen as vulnerable in the upcoming election.)

Still Out in the Cold

13. (U) Following a two-month investigation, a report released December 21 cleared Tamihere of charges related to tax liabilities on a "handshake" payment provided by his previous employer, the Waipareira Trust, finding that tax liability rested with the Trust. But the report found that Tamihere did not declare his receipt of income on the Ministerial register, and has referred this issue to the Commissioner for Inland Revenue. Tamihere's political future remains uncertain, as an investigation by the Serious Fraud Office (SFO) into eight allegedly false invoices signed by Tamihere is still underway. If the SFO finds Tamihere innocent, the way would be clear for him to resume his role of strong advocate for Maori issues. This could be helpful in the run-up to the 2005 election, in which all seven Maori-designated Parliament seats will be hotly contested.

14. (U) PM Helen Clark sent Tamihere a strong signal with her Cabinet reshuffle on December 20, when she reassigned his portfolios on a permanent basis. All is not lost, however, and following the first report's release Clark publicly stated that Tamihere has "a strong future", hinting that he can expect a portfolio after the 2005 general election. Clark offered a surprisingly high level of solidarity with Tamihere, noting that Tamihere has been the most-investigated MP, and hinting that this may be the result that the Opposition fears his strong appeal to Maori and non-Maori Labour voters.

Confession Is Good For the Soul

15. (C) Comment: Throughout the initial scandal and the subsequent inquiry, Prime Minister Clark consistently applied the same rigorous moral standard to Tamihere that she has to other Ministers who have violated her cardinal rule of "No scandal." But although she sent Tamihere to the backbenches to serve his time, Clark has kept dangling the possibility of his future rehabilitation into the Cabinet. At the same

time, demonstrating the political mettle that has kept her firmly in control of the Labour Party for the past ten years, Clark has maintained a sufficient distance from Tamihere that should he be found to have committed an impropriety, neither she nor the Party will suffer.

16. (C) Tamihere's speech, with its folksy comments softening Union "ownership" of the Labour party and controversial comments on Maori separatism, demonstrates clearly his ability to attract voters who are generally supportive of Labour but put off by the party's left-wing, politically-correct agenda. For this reason, Labour Party leaders are no doubt keeping their fingers crossed that Tamihere's political rehabilitation will hold throughout the upcoming election campaign.
Swindells